

Unfunded Budget Requests

This new section in the proposed budget document identifies the proposed funding requests made by selective City departments and compares the corresponding funding decisions that are included in the Fiscal Year 2006 Proposed budget. The goal of providing this information is to present an assessment of the various priorities as identified by the respective departments compared to a finite amount of available revenue.

As previously discussed in the Executive Summary, the cost of performing City services has continued to rise at a greater pace than increases in corresponding revenue. The majority of this increase for Fiscal Year 2006 can be attributed to the negotiated labor agreements as well as increased retirement and retiree health care expenses. As priorities are weighed against available revenue, this on-going situation has forced many departmental proposed budgets to be less than requested, including elected officials' and non-managerial department budgets. The needs identified in the following budget requests were worthy of consideration and were not rejected without discussion and analysis; however, absent new on-going revenue, the funding of these requests can only be made with additional corresponding decreases to other vital and necessary General Fund activities.

Public safety funding deservedly will continue to receive the highest priority. The budgets for the Police Department and the Fire-Rescue Department are proposed to increase by a net combined 7.61 percent in Fiscal Year 2006, while the total General Fund is proposed to increase by 4.92 percent. To illustrate the emphasis placed on public safety the table below shows that, if the public safety budgets were removed from the General Fund, the growth between Fiscal Years 2005 and 2006 would be just \$5.3 million or 1.49%.

| | Fiscal Year 2005 | Fiscal Year 2006 | Growth over 2005 | |
|-------------------------------|------------------|------------------|------------------|-------|
| General Fund Budget | \$817,432,989 | \$857,659,472 | \$40,226,483 | 4.92% |
| Police and Fire Rescue | \$458,325,803 | \$493,211,758 | \$34,885,955 | 7.61% |
| Non-public safety | \$359,107,186 | \$364,447,714 | \$5,340,528 | 1.49% |

The \$5.3 million illustrated above is not sufficient to fund all of the Fiscal Year 2006 annualized expense of Fiscal Year 2005 negotiated labor agreements as well as increased retirement and retiree health care expenses for non-public safety departments. Therefore, significant funding reductions are proposed and necessary throughout most of the General Fund departments to offset these increased costs of operations. The results of this situation create continued postponement of necessary preventive maintenance and may further delay funding of new facilities.

The experiences of the following departments are profiled in this new section. The charts identify the respective department's best estimate of critical needs for Fiscal Year 2006 and the resultant funding that is included in this proposed budget. (The respective department's commentary pages are located in Volumes II and III)

- Police Department
- City Attorney
- Park and Recreation
- Fire-Rescue Department
- City Clerk
- Library

As this Fiscal Year 2006 Proposed Budget represents a vital component of a recovery program to assist the City in addressing fiscal concerns, the unfunded requests presented herein reinforce the need to implement

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every component of the recovery program including new revenues, service level adjustments and conservative multi-year labor agreements.

Police Department

The following table compares the Police Department's proposed budget requests to the funding that is included in the Fiscal Year 2006 Proposed Budget.

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|--|--------------|--------------|------------------------|-----------------------------------|
| Retirement increase (including healthcare) | 0.00 | 0.00 | \$0 | \$21,370,433 |
| Salary (Fiscal Year 2005 Annualizations) | 0.00 | 0.00 | \$0 | \$4,742,271 |
| Overtime | 0.00 | 0.00 | \$9,404,300 | \$2,216,658 |
| Non-Discretionaries (without Utilities) | 0.00 | 0.00 | \$0 | \$514,615 |
| Special Pay | 0.00 | 0.00 | \$3,534,000 | \$1,005,788 |
| Utilities | 0.00 | 0.00 | \$2,777,000 | \$177,646 |
| Annual Vehicle Replacement | 0.00 | 0.00 | \$1,500,000 | \$0 |
| Data Processing | 0.00 | 0.00 | \$3,047,100 | \$0 |
| Restore 39.75 Positions cut in FY 04 and FY 05 | 39.75 | 0.00 | \$2,355,000 | \$0 |
| Restore Equipment Outlay cut in FY 03 | 0.00 | 0.00 | \$1,100,000 | \$0 |
| Restore funding cut in FY 04 for 80.00 positions | 0.00 | 0.00 | \$3,753,000 | \$0 |
| Restore supplies and Services cut in FY 03 and FY 04 | 0.00 | 0.00 | \$2,426,000 | \$0 |
| Total | 39.75 | 0.00 | \$29,896,400 | \$30,027,411 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

The primary emphasis of the City Manager's proposal for the Police Department budget was to fund the increases to the retirement allocation, including retiree health care, as well as funding the annualization of salary impacts from Fiscal Year 2005 labor agreements. A total of \$2.2 million was added to the department overtime budget to bring the total department overtime budget to \$8.1 million; although the department has indicated a greater increase is necessary to fund overtime requirements. Of the \$2.2 million added to the overtime budget, \$450,000 was added to fund overtime impacts due to contractual salary adjustments. The remaining \$1.75 million was to assist funding on-going overtime requirements.

Of the \$29.9 million requested for various needs by the Department for Fiscal Year 2006, \$3.4 million was funded in the overtime, special pay and utilities categories, leaving unfunded requests of \$26.5 million. The requirement to add \$26 million to the Department's proposed budget for increased retirement contributions, retiree healthcare liability and annualized salary impacts severely impacted available funding for other department requests and requirements. Any additional funding available for the remaining Police Department requests would only be realized by corresponding reductions in other General Fund departments.

Options for corresponding reductions to other General Fund departments are discussed in the summary at the end of this section. The options must be balanced against the other unfunded requests from the departments profiled in this section and are provided to simply indicate the impact to City operations as a result of limited General Fund revenue.

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Fire-Rescue Department

The following table compares the Fire-Rescue Department's budget requests to maintain current service levels to the funding that is included in the Fiscal Year 2006 Proposed Budget.

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|---|-------------|--------------|------------------------|-----------------------------------|
| Salary (Fiscal Year 2005 Annualizations) | 0.00 | 0.00 | \$0 | \$4,683,478 |
| Retirement increase (including retiree healthcare) | 0.00 | 0.00 | \$0 | \$9,214,134 |
| Helicopter Program - 10.00 FTE to be funded out of current \$2.76 million allocation. | 10.00 | 10.00 | \$0 | \$0 |
| Special Pay | 0.00 | 0.00 | \$1,622,000 | \$0 |
| Terminal Annual Leave Payoffs | 0.00 | 0.00 | \$1,000,000 | \$0 |
| Overtime | 0.00 | 0.00 | \$130,000 | \$0 |
| Partial Restoration of Comp Time related reductions | 0.00 | 0.00 | \$270,000 | \$0 |
| Funding for expansion of Lifeguard 4/10 staffing approved | 3.02 | 0.00 | \$279,000 | \$0 |
| Three position reclassifications | 0.00 | 0.00 | \$31,000 | \$0 |
| New MDC commercial backbone service charge | 0.00 | 0.00 | \$80,000 | \$0 |
| Energy/Utilities - Diesel Fuel | 0.00 | 0.00 | \$269,000 | \$0 |
| Increased lease cost for Station 43 site (Brown Field) | 0.00 | 0.00 | \$41,000 | \$0 |
| Replace mobile VHG radios to meet new FCC standards | 0.00 | 0.00 | \$157,000 | \$0 |
| CAD Status server maintenance | 0.00 | 0.00 | \$36,000 | \$0 |
| Staffing for Seventh Battalion (Battalion Chiefs) | 3.30 | 0.00 | \$518,000 | \$0 |
| Restore 4 clerical positions (CA II). Cost offset with elimination of 3 fire dispatcher positions due to implementation of 12 hour shifts. | 1.00 | 0.00 | (\$3,000) | \$0 |
| Equipment Outlay | 0.00 | 0.00 | \$475,000 | \$0 |
| New Facility - Establish Temporary station 2 in East Mission Valley | 10.81 | 0.00 | \$1,903,000 | \$0 |
| Old Mission Beach area coverage (provides year-round daily staffing for Tower 18 and summer staffing for two new towers adjacent to Tower 18) | 3.40 | 0.00 | \$311,000 | \$0 |
| New Facility - Station 47 in Pacific Highlands Ranch | 4.32 | 4.32 | \$561,000 | \$623,824 |
| Lifeguard boat dock replacement | 0.00 | 0.00 | \$2,635,000 | \$0 |
| Deferred facilities maintenance (unfunded) | 0.00 | 0.00 | \$10,549,000 | \$0 |
| Operations project Officers to provide staff support in Operations | 2.00 | 0.00 | \$383,000 | \$0 |
| Staffing for Light and Air One | 3.20 | 0.00 | \$310,000 | \$0 |
| Fire Plan Officer for fire facilities | 1.00 | 0.00 | \$154,000 | \$0 |
| Community Emergency Response Team Program Manager | 1.00 | 0.00 | \$111,000 | \$0 |
| Phase in restoration of full brush management program | 2.00 | 2.00 | \$160,000 | \$0 |
| All risk incident management training | 0.00 | 0.00 | \$258,000 | \$0 |
| Hazardous Materials Team Training | 0.00 | 0.00 | \$19,000 | \$0 |
| EMS field electronic documentation program support | 0.00 | 0.00 | \$71,000 | \$0 |

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Fire-Rescue Department (Continued)

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|--|--------------|--------------|------------------------|-----------------------------------|
| Complete XTS 5000, 800 MHz portable radio deployment | 0.00 | 0.00 | \$254,000 | \$0 |
| 3 closed cab ladder trucks and 2 Explosive Device Team apparatus | 0.00 | 0.00 | \$2,825,000 | \$0 |
| Lifeguards fleet replacement | | 0.00 | \$199,000 | \$0 |
| Additional radios for mobile communications can to support major emergencies | 0.00 | 0.00 | \$41,000 | \$0 |
| Total | 45.05 | 16.32 | \$25,649,000 | \$14,521,436 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

The primary emphasis of the City Manager's proposal for the Fire-Rescue Department budget was to fund the contractual increases to the retirement allocation as well as fund the annualization of salary impacts from Fiscal Year 2005 labor agreements. Of the combined \$25.6 million requested by the Department for Fiscal Year 2006, \$623,824 was provided to fund the new Fire Station #47 in Pacific Highlands Ranch. The Department's increased retirement contributions, retiree healthcare costs and annualized salary impacts required an additional \$13.9 million. As with the Police Department, further reductions to other General Fund departments would need to occur in order to fund the \$25.6 million of Fire-Rescue department budget requests.

Even with funding limitations, the two respective public safety departments will still be able to respond to emergencies. (The unfunded requests for the Police Department and the Fire-Rescue Department alone total over \$52 million dollars.) However, the requests identified by the departments reinforce the difficulty of weighing public safety priorities against those of neighborhood services such as park operations or environmental services. Public safety services will continue to receive the highest priority although the increasing cost of performing City services will continue to divert funding away from other necessary activities as demonstrated in the *Service Level Impacts* section of this same Volume.

City Attorney

The City Attorney is directly elected by the citizens of San Diego and is thus considered a non-managerial City Department. As a non-managerial department, the City Attorney's proposed budget is typically not adjusted by the City Manager. Because of the City Charter requirement for the City Manager to provide a balanced budget to the Mayor and City Council, and because of limited revenues projected for Fiscal Year 2006, the City Manager has proposed reduced funding of the City Attorney's Department budget which is consistent with funding reductions proposed for most General Fund City departments. The funding reductions are concentrated in the personnel expense portion of the City Attorney Department's budget. The proposed non-public safety department General Fund funding reductions total -6.8% compared to the Fiscal Year 2005 budget. The proposed funding reduction for the City Attorney's Department budget is -5% when compared to the Fiscal Year 2005 budget. Additionally transfers were made out of the City Attorney budget to the Family Justice Center and the Ethics Commission.

The following table compares the top priorities as requested by the City Attorney to the funding that is included in the Fiscal Year 2006 Proposed Budget. The City Attorney also requested to reduce revenue projections in Fiscal Year 2006 by \$1.2 million which would require a corresponding reduction of \$1.2

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million in expenditures either in the City Attorney's office or elsewhere in the General Fund in order to keep the General Fund in balance. This revenue reduction was not included in the proposed budget due to insufficient fiscal impact analysis being available.

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|---|-------------|--------------|------------------------|-----------------------------------|
| Retirement increase (including healthcare) | 0.00 | 0.00 | \$0 | \$1,719,789 |
| Salary (Fiscal Year 2005 Annualizations) * | 0.00 | 0.00 | \$0 | \$838,278 |
| Finance and Disclosure Team | 6.00 | 0.00 | \$846,918 | \$250,000 |
| Support for IT Services | 0.00 | 0.00 | \$480,723 | \$0 |
| Staff Training | 0.00 | 0.00 | \$250,000 | \$0 |
| Communications and Government Services | 0.00 | 0.00 | \$401,462 | \$0 |
| Public Integrity Unit - Criminal Division | 0.00 | 0.00 | \$243,091 | \$0 |
| Non-Discretionary | 0.00 | 0.00 | \$32,475 | \$36,227 |
| Reinstatement of \$600,000 reduction from FY03-05 | 0.00 | 0.00 | \$600,000 | \$0 |
| Budgeted Classification Adjustment | 0.00 | 0.00 | \$8,013 | \$0 |
| Total | 6.00 | 0.00 | \$2,862,682 | \$2,844,294 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

The City Manager's proposal for the City Attorney's Department budget includes increases to the retirement allocation as well as funding the annualization of negotiated salary impacts from Fiscal Year 2005. These increases are partially offset by the proposed -5% funding reduction to the City Attorney's Department budget which is consistent with reductions proposed throughout most General Fund departments with the exception of the Police Department and Fire-Rescue Department.

Additionally, the Fiscal Year 2006 Proposed budget does not reflect any impacts from the recent organization of the Deputy City Attorneys (DCA's) employed in the City Attorney's office. Recently the DCA's received formal recognition as the exclusive bargaining unit, pursuant to the Meyers Milius Brown Act. The result of this action is the necessity to formally negotiate future salary and wage agreements which may impact the required personnel expense budget for this department. The fiscal impact of possible salary and wage adjustments for the DCA's is unknown at this time.

City Clerk

The City Clerk reports directly to the Mayor and City Council thus making the City Clerk's Department a non-managerial City Department. As a non-managerial department, the Clerk's proposed budget is typically not adjusted by the City Manager. For the Fiscal Year 2006 Proposed budget however, the City Manager has proposed reduced funding of the City Clerk's budget which is consistent with most other General Fund City departments. This was accomplished by both continuing to reduce funding for vacant positions and proposing additional reductions to the Department's budget.

Funding requested by the City Clerk's Department that was not included in the proposed budget is indicated in the following table. Funding the contractual increases for retirement allocations as well as salary annualization impacts from Fiscal Year 2005 labor agreements were prioritized over other budget requests, in addition to balancing funding priorities throughout the General Fund.

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Over the past several years the City Clerk has reduced or delayed budget expenditures to assist in balancing the General Fund.

| Item | FY 05 FTE Budgeted | FY 06 FTE Request | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|--|-----------------------|----------------------|------------------------------|--|
| Retirement increase (including healthcare) | 0.00 | 0.00 | \$0 | \$187,705 |
| Salary (Fiscal Year 2005 Annualizations) | 0.00 | 0.00 | \$0 | \$122,422 |
| Non-Discretionary | 0.00 | 0.00 | \$886 | \$886 |
| Online Filing of Campaign Disclosure | 0.00 | 0.00 | \$40,000 | \$0 |
| Total | 0.00 | 0.00 | \$40,886 | \$311,013 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

Park and Recreation

The Park and Recreation Department manages the largest amount of park space in the nation. The proposed budget for this Department is \$79.8 million which includes the net result of a 4.7% reduction in proposed expenditures and the elimination of 63.43 positions.

The following table compares the Park and Recreation Department's budget requests to the funding that is included in the Fiscal Year 2006 Proposed Budget. Additionally, the department has many unfunded needs that have accrued through difficult budget years that are not included in the table.

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|---|----------------|-----------------|------------------------------|--|
| Retirement increase (including healthcare) | 0.00 | 0.00 | \$0 | \$3,004,835 |
| Salary (Fiscal Year 2005 Annualizations) * | 0.00 | 0.00 | \$0 | \$2,202,345 |
| Non-Discretionary | 0.00 | 0.00 | \$566,061 | \$566,061 |
| New Facility Annualization | 20.14 | 0.00 | \$2,157,823 | \$0 |
| Contractual Services | 0.00 | 0.00 | \$587,740 | \$0 |
| New Facility | 20.98 | 0.00 | \$2,002,867 | \$0 |
| Tierrasanta & Bay Terraces MAD | 0.00 | 0.00 | \$12,490 | \$12,490 |
| County Mandated Mosquito Control -West Nile | 0.00 | 0.00 | \$41,940 | \$0 |
| Mandated New County Permit | 0.00 | 0.00 | \$5,252 | \$0 |
| Mandated Music/Video Copyright Compliance | 0.00 | 0.00 | \$11,541 | \$0 |
| Increase in Water Rate at South Bay Area | 0.00 | 0.00 | \$5,344 | \$0 |
| Adjust Special Fund Position per Legal Requirements | 0.35 | 0.00 | \$49,787 | \$0 |
| Brush Management Program | 30.00 | 0.00 | \$3,771,952 | \$0 |
| Reimbursable Open Space Trails Manager | 1.00 | 0.00 | \$118,473 | \$0 |
| Total | 72.47 | 0.00 | \$9,331,270 | \$5,785,731 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

As reflected in the above chart, the severe General Fund revenue limitations, combined with the emphasis on public safety does not allow the funding of the annualized cost of new facilities that were opened during Fiscal Year 2005. Additionally, the funding required for new facilities scheduled to open during Fiscal Year 2006 will need to be derived by prioritizing existing funds within the Park and Recreation Department's \$79.8 million proposed budget. The impact of these Park and Recreation new facilities funding shortages is discussed in the *Service Level Impact* section of this same volume.

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With the primary emphasis of the City Manager's proposal for the Park and Recreation Department's budget to fund the increases to the retirement allocation as well as fund the annualization of salary impacts from Fiscal Year 2005 labor agreements, little additional funding was available for other requests. Of the additional \$9.3 million requested by the department for Fiscal Year 2006, \$578,551 was funded.

Once again, typically new facilities are paid from restricted funds which only provide for the building and/or land expense, referred to as capital expense. These types of funds include Facilities Benefit Assessment (FBA) Fees, Development Impact Fees (DIF), and Community Development Block Grants (CDBG). The restrictions on these fees prevent, in most cases, the funding of operating expenses, thereby requiring the General Fund to support the operations of the facility once it is open. Regardless of the type or location of the facility, absent new revenue, funding must be shifted from other priorities.

Library

The following table compares the Library Department's budget requests to the corresponding funding that is included in the Fiscal Year 2006 Proposed Budget.

| Item | FTE Request | FTE Budgeted | FY 2006 Budget Request | FY 2006 Proposed Budget Increases |
|---|--------------|--------------|------------------------|-----------------------------------|
| Retirement increase (including healthcare) | 0.00 | 0.00 | \$0 | \$1,598,371 |
| Salary (Fiscal Year 2005 Annualizations) | 0.00 | 0.00 | \$0 | \$1,120,944 |
| Non-Discretionary | 0.00 | 0.00 | \$536,930 | \$536,639 |
| New Facility Annualization | 9.70 | 8.70 | \$880,493 | \$828,844 |
| Contractual Services | 0.00 | 0.00 | \$298,869 | \$0 |
| New Facility | 11.91 | 0.00 | \$1,192,524 | \$0 |
| Public Library Fund Reduction Offset | 12.20 | 0.00 | \$822,315 | \$0 |
| Reinstatement of Fiscal Year 2005 Reductions | 23.00 | 0.00 | \$2,606,095 | \$0 |
| Library Development Program | 3.00 | 0.00 | \$518,706 | \$0 |
| Integrated Library System and Related Personnel | 1.00 | 0.00 | \$846,347 | \$0 |
| Total | 60.81 | 8.70 | \$7,702,279 | \$4,084,798 |

* Proposed FY 2006 Salary impact includes salaries and associated fringe benefit expenses.

Historically, the proposed budgets as presented to the Mayor and City Council have automatically included funding for all new facilities. These facilities could include new libraries, new fire stations, or possibly new park facilities. As identified in the above chart, the Library Department's proposed budget contains funding for only the annualized cost of new facilities that were opened during Fiscal Year 2005. The funding required for new facilities scheduled to open during Fiscal Year 2006 will need to be derived by prioritizing existing funds within the Library Department's \$36.6 million proposed budget.

As one can assess, the impact of this funding situation is severe. This funding approach is not presented to discourage or prevent the opening of new facilities; it enforces the necessity to study alternative revenue sources or funding options for new facilities as well as existing facilities. Absent any new on-going revenues or further reductions in other areas of citywide operations, existing City facilities may suffer impacts as the result of shifting some level of funding to operate new facilities.

Typically, these new facilities are paid from restricted funds which only provide for the building and/or land expense, referred to as capital expense. These types of funds include Facilities Benefit Assessment (FBA)

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Fees, Development Impact Fees (DIF), and Community Development Block Grants (CDBG). The restrictions on these fees prevent, in most cases, the funding of operating expenses, thereby requiring the General Fund to support the operations of the facility once it is open.

The \$1.2 million requested by the Library Department to fund the new facilities in Fiscal Year 2006 would deplete funding from other existing General Fund operations that already were impacted with funding reductions of over \$25 million in order to assist in balancing the General Fund. A large percentage of the required \$1.2 million will most likely have to come from prioritizing existing library resources or possibly delaying or canceling the opening of new facilities. It is ultimately up to the discretion of the Mayor and City Council to approve these alternative solutions until a permanent and stable operating funding source is identified.

Additional impacts reflected in the Fiscal Year 2006 Proposed budget include a one-year waiver of the Library Ordinance which would have required 6% of the General Fund budget to be allocated to the Library budget. Based on a proposed General Fund budget of \$857 million, an additional \$14.1 million would be budgeted in the Library Department at the consequence of reductions to other General Fund departments, quite possibly including the Police and Fire-Rescue Departments. The \$14.1 million that would be allocated to the Library Department would be in addition to the \$24 million in funding reductions that are proposed for the General Fund Departments.

The commitment of the Library Ordinance was to provide increased funding for the Library System; however the ordinance has been waived by the Mayor and City Council for the past three fiscal years due to revenue constraints and alternative priorities including public safety. Until new revenue sources are identified, formal suspension of the Library Ordinance should be considered during the Fiscal Year 2006 Proposed budget hearings. On April 18, 2005, the Mayor and City Council voted to suspend the Library Ordinance for Fiscal Year 2006.

It should also be noted that the department requests discussed in this *Unfunded Budget Request* section are not necessarily requested to enhance services, but to simply keep pace with expected service levels. As stated above, the unfunded Library Department budget requests total \$7.7 million.

Funding Options

The departments presented in this section represent both managerial and non-managerial departments. They make up over 75% of the General Fund budget and have combined unfunded departmental budget requests for Fiscal Year 2006 totaling over \$75.4 million. In order to fund any portion of these requests, either new revenue would need to be identified or existing funds need to be diverted from the other 25% General Fund department budgets.

The following Fiscal Year 2006 Proposed department budgets are provided for reference in analyzing the impact of the unfunded department requests. For example, if the Mayor and City Council determined that the public safety unfunded budget requests were the most essential elements required in the Fiscal Year 2006 Proposed budget, absent new revenue, reductions would most likely occur in some form from the departments listed below. The public safety unfunded budget requests total over \$52 million which could result in a reduction to the listed departments of between 25% and 50% in order to keep a balanced General Fund. It is important to remember that the departments reflected below already have been impacted by an average of -11.3% in proposed funding reductions resulting in 120.40 positions being eliminated.

The list below is a random sampling of departments and is not intended to identify departments with less significant priorities. Some departments were purposely excluded because of the high ratio of revenue that is generated based on their respective expenditures, ex. Real Estate Assets Department and the City Treasurer's Department.

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| Department | FY 2006 Proposed Budget | 25 Percent Reduction | 50 Percent Reduction | 75 Percent Reduction |
|-------------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|
| Park and Recreation | \$79,776,986 | \$19,944,247 | \$39,888,493 | \$59,832,740 |
| Library | \$36,602,569 | \$9,150,642 | \$18,301,285 | \$27,451,927 |
| City Auditor and Comptroller | \$10,273,066 | \$2,568,267 | \$5,136,533 | \$7,704,800 |
| Planning | \$6,996,039 | \$1,749,010 | \$3,498,020 | \$5,247,029 |
| Personnel Department | \$5,908,803 | \$1,477,201 | \$2,954,402 | \$4,431,602 |
| Neighborhood Code Compliance | \$5,319,113 | \$1,329,778 | \$2,659,557 | \$3,989,335 |
| Community & Econ. Development | \$5,769,425 | \$1,442,356 | \$2,884,713 | \$4,327,069 |
| Financial Management | \$4,369,154 | \$1,092,289 | \$2,184,577 | \$3,276,866 |
| Equal Opportunity Contracting | \$2,453,529 | \$613,382 | \$1,226,765 | \$1,840,147 |
| Total Reductions | | \$39,367,171 | \$78,734,342 | \$118,101,513 |

Other options available to the Mayor and City Council to reduce expenditures by approximately \$21.5 million are listed below not in priority order. If all of these options were to be utilized to fund the public safety unfunded budget requests, there would still be a difference of approximately \$31 million.

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|--|-----------------------|
| 1. Rescind funding for increased Disclosure Ordinance requirements | \$1.6 million |
| 2. Additional 10% funding reduction of Transient Occupancy Tax (TOT) funded allocations to the Special Promotional Programs Fiscal Year 2006 allocations | \$1.2 million |
| 3. Reduction of 100.00 additional General Fund positions using the classified average salary of \$88,000, including fringe | \$8.8 million |
| 4. Delay of General Fund required payment to the Environmental Services Refuse Disposal Fund for Miramar Operations Yard | \$1.8 million |
| 5. Reduce Citywide street sweeping services | \$1.0 million |
| 6. Close ten library branches | \$3.6 million |
| 7. Reduce or close portion of Park and Recreation facilities | \$2.0 million |
| 8. Eliminate allocations to Small Business Enhancement Programs | \$1.0 million |
| 9. Suspend General Plan work | \$0.5 million |
| Estimated Expenditure Reduction Total | \$21.5 million |

The continued reference to the City's recovery program reinforces the attention that must be placed on reaching agreement and implementing all three components; conservative multi-year labor contracts; multi-year service level reductions throughout all General Fund departments; and the approval of new revenue sources.